

ALBERTA GOVERNMENT TELEPHONES

FIFTY-FOURTH ANNUAL REPORT 1965 - 1966

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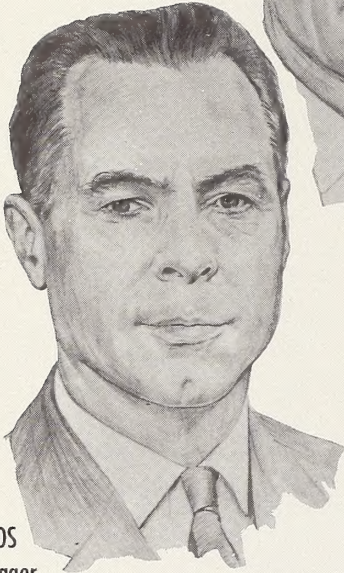


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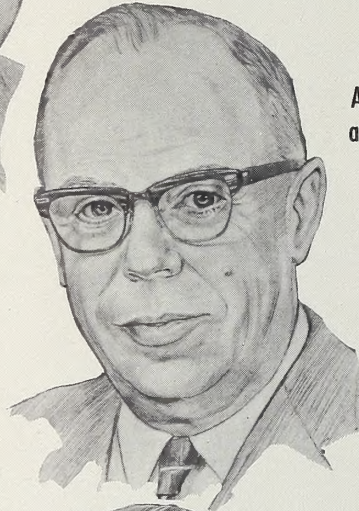




Honorable
RAYMOND REIERSON
Chairman
and Minister of Telephones



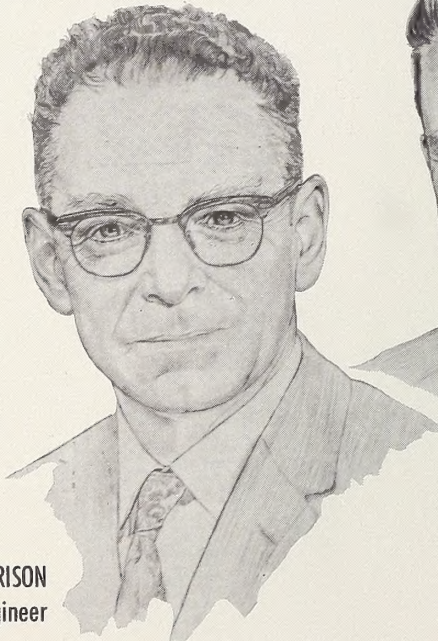
J. W. DODDS
General Manager



R. E. YOUNG
Assistant General Manager
and Director of Operations



C. L. KEATLEY
Director of Personnel
and Public Relations



E. L. HARRISON
Chief Engineer



R. G. ADES
Director of Finance

HIGHLIGHTS 1965 - 66

Construction expenditures amounted to \$43.5 million.

A 960-channel heavy route microwave system was completed from the North to the U.S.

A \$60 million rural underground cable program was undertaken.

Dial conversions took place in 44 centers.

More than 27 million long distance messages were completed.

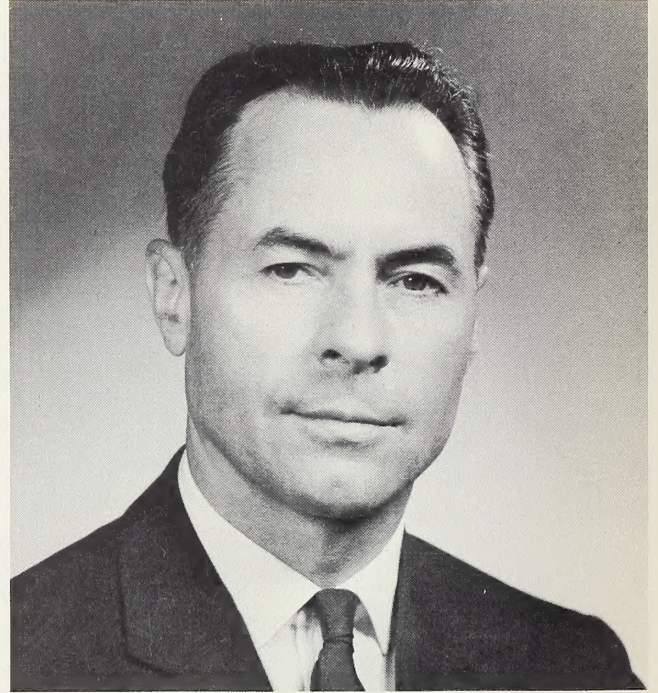
Operations for the year resulted in a deficit of \$1,476,226.

An application was made to the Public Utilities Board for a revision of rates.

1965 - 66 ANNUAL REPORT



Honorable Raymond Reiersen
*Chairman and
Minister of Telephones*



James W. Dodds
General Manager

Alberta's economy has been growing and diversifying faster than that of any other section of Canada. AGT has not only been keeping pace with this development, but has been contributing substantially toward it. Record construction expenditures for the fiscal year increased telephone plant and equipment by \$40 million, bringing our investment to an amount in excess of the \$293 million mark.

The province is developing not merely along the southern fringe—as tends to be the case with some of the provinces — but throughout its entire area. Good communications services are playing an important part in making this development possible. Microwave facilities, for example, are not limited primarily to the southern regions. They extend to the northernmost corners of the province. At present, a 960-channel heavy route bypass system is nearing completion from the North—through Peace River, Vegreville, Lathom, and Lethbridge — to the U.S. Cost of the system—\$6 million.

In the rural areas, a \$60 million underground cable program is being carried out. Over the next 12 years, this program will bring four-party service to virtually all of the rural subscribers in the province.

Direct Distance Dialing—already in service in the Red Deer, Lethbridge, Calgary and Banff areas—will have been extended to both the Peace River and Edmonton areas by the late summer of 1966. With the completion of these projects, the convenience of DDD will be available to 80% of the province's telephone subscribers.

The dial conversion program is also continuing at a rapid pace. Forty-four areas were converted from manual to dial telephones during the year, and 40 more are scheduled for conversion in the year ahead. This means that another new area receives the convenience of dial telephone service approximately every nine days.

AGT is providing the province with a very high standard of communications services, and through extreme efficiency of operation, it has been able to do so, up to the present, **at rates established in 1926!** Few other businesses, if any, can boast such

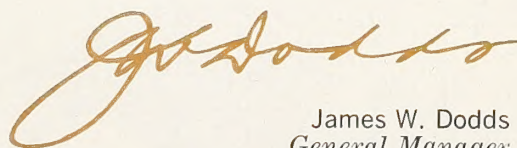
efficiency of operation. The time has now come, however, when revenue has been overtaken by operating expenses. An application has therefore been made to the Public Utilities Board for a revision of rates. The application is scheduled to be heard commencing September 13, 1966.

The province is undergoing a period of tremendous development, and there is a rapidly accelerating demand for an ever increasing complexity and diversity of communications services. In this situation, it is imperative that adequate capital should be available for necessary expenditures. An enforced reduction of capital spendings at this time could only result in a serious deterioration of service. This is why the results of the pending rate hearing are of such importance both to us and to our customers.

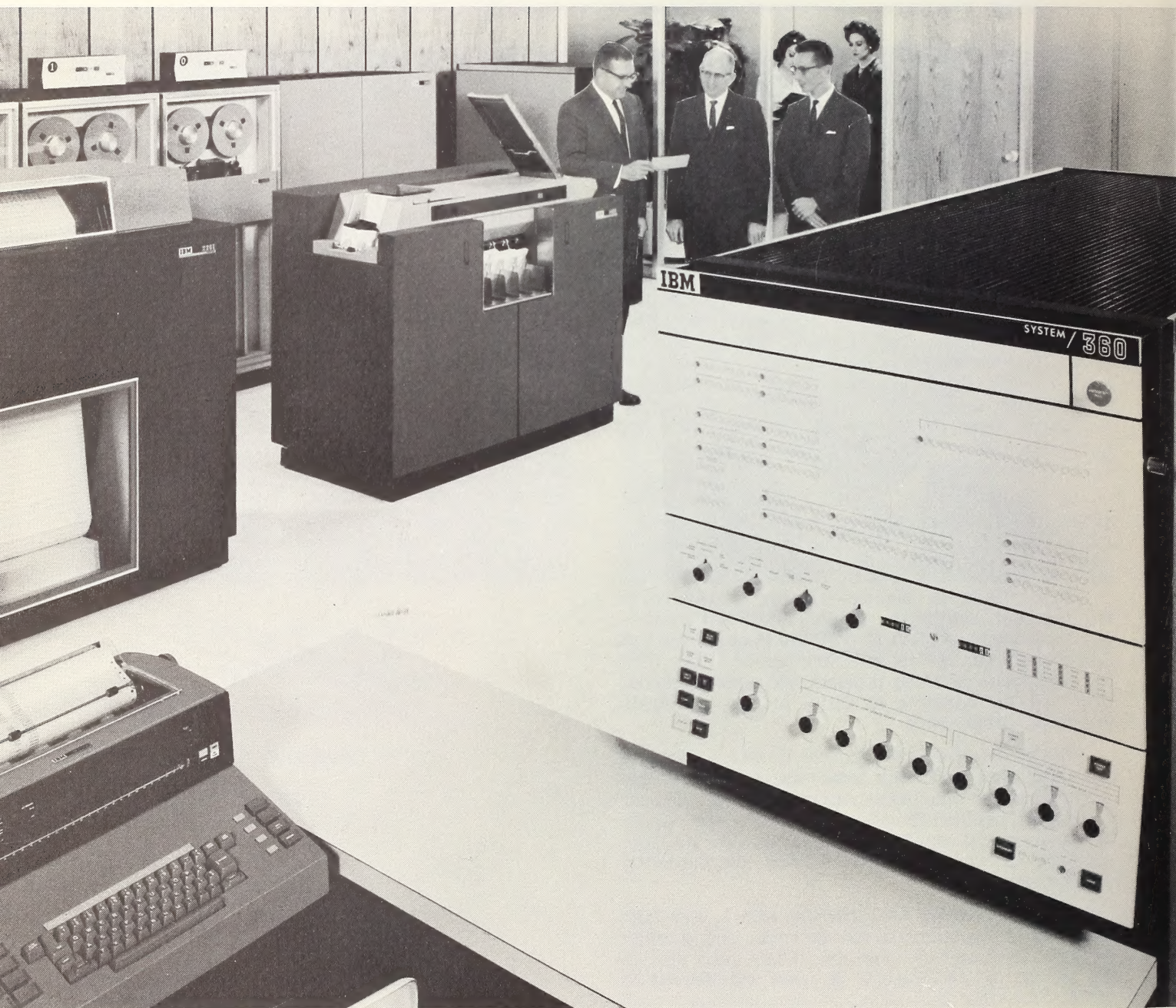
Adequate capital and a fair rate of return on our investment, however, are not enough. There is another requirement that is equally important—the dedicated service of a highly skilled employee body. Our excellent record, our efficiency of operation, and our progressive attitude demonstrate beyond doubt the high degree to which this has been obtained.



Honorable Raymond Reiersen
*Chairman and
Minister of Telephones*



James W. Dodds
General Manager



AGT's new computers incorporate the most advanced features into a modular system economically feasible for present requirements and with the capacity to provide for any future expansion. It incorporates very high speed, an

almost limitless memory, and flexibility—because of its modular design—for remote computer to computer conversation.

DEPARTMENTAL REPORTS

LONG DISTANCE

During the year, the Traffic Department made a concerted effort to improve service objective results. These results had fallen slightly when conversion was being made from paper tickets to Mark Sense tickets, and when changes were being implemented in the measurement plan. By the end of the year, appreciable progress had been made.

One hundred and twenty-nine toll circuits were added to the system, and 28 were added to the Trans-Canada network. Forty-four areas were converted from manual to dial telephone service. Ten of these areas received DDD at the time of conversion.

Network Management was installed in Edmonton just prior to Christmas, 1965, and was used successfully to handle the heavy volume of traffic over the Christmas season.

The following table shows a breakdown of the messages completed during the 1965-66 fiscal year.

Type	Messages		% Increase Over 1965	% of Total Messages
	1966	1965		
Mark Sense	18,070,935	4,027,408	--	66.1
Paper	3,440,592	16,077,175	--	12.6
DDD	5,838,600	4,211,484	--	21.3
TOTAL	27,350,127	24,316,067	12.5	100.0

OPERATING REVENUE

Operating revenue continued to increase at an accelerated rate, and total revenue earned amounted to \$54,569,712, an increase of 15% over the pre-

vious year. Toll revenue was the main contributing factor, showing an increase of 20.7%, compared with 15.6% for the previous year.

	1965-66	1964-65
Toll	\$34,139,652	\$28,276,801
Exchange	17,685,154	16,382,575
Connecting Company	325,976	323,244
Directory	1,147,428	1,016,752
Rental	1,768,340	1,798,091
Other	174,816	145,781
	<hr/>	<hr/>
	\$55,241,366	\$47,943,244
	671,654	479,584
	<hr/>	<hr/>
Less: Provision for Doubtful Accounts	\$54,569,712	\$47,463,660

OPERATING EXPENSES

Operating expenses increased at a higher rate than operating revenue. Operating expenses for the year amounted to \$47,060,493, an increase of 18.7% over the previous year. Higher operating costs were mainly due to increases in wages and

salaries and an increased expansion program in our communications facilities. Depreciation increased by 22.9%, maintenance by 19.7%, and the balance of operating costs increased by 15.7%.

	1965-66	1964-65
Maintenance	\$13,408,311	\$11,204,793
Depreciation	12,382,436	10,071,582
Traffic	7,143,544	6,752,276
General	7,122,529	5,538,691
Commercial	4,444,541	3,907,921
Pension Fund and CPP Contributions, Net	1,428,656	1,093,736
Property Taxes	1,130,476	1,086,995
	<hr/>	<hr/>
	\$47,060,493	\$39,655,994

OPERATING REVENUE

April 1, 1965 - March 31,
1966



Exchange ----- 33.0

Toll ----- 62.6

Other ----- 4.4
100.0

OPERATING EXPENSES

April 1, 1965 - March 31,
1966



Traffic ----- 12.8

Commercial ----- 7.9

General ----- 12.7

Property Taxes ----- 2.0

Maintenance ----- 23.9

Depreciation ----- 22.1

Pension Fund Contributions ----- 2.5

Debt Service Charges, Net ----- 16.1

100.0

DEBT SERVICE CHARGES

Debt service charges on long term-debt amounted to \$8,985,445, an increase of 18.2%.

	1965-66	1964-65
Interest Charges -----	\$9,163,653	\$7,725,049
Less: Interest earnings -	178,208	123,699
	<u>\$8,985,445</u>	<u>\$7,601,350</u>

DEFICIT

The Commission experienced a deficit of \$1,476,226 from operations for the year. To cope with ever-mounting operating costs, the Commission has made application to the Public Utilities Board for permission to increase rates.

	March 31/66	March 31/65	Increase or Decrease
Land and Buildings -----	\$ 36,514,471	\$ 33,533,784	\$ 2,980,687
Equipment -----	165,032,207	145,210,720	19,821,487
Exchange Lines -----	51,686,060	42,602,054	9,084,006
Toll Lines -----	23,627,479	23,341,012	286,467
Office Furniture and Equipment -----	2,127,869	1,978,985	148,884
Tools, Vehicles, Etc. -----	4,703,008	4,188,197	514,811
Plant Under Construction -----	9,771,907	2,609,938	7,161,969
	<u>\$293,463,001</u>	<u>\$253,464,690</u>	<u>\$ 39,998,311</u>

FINANCING

During the fiscal year, a total of \$42 million in debentures was issued by the Commission to provide capital funds for the Construction Program:

Maturity	Rate of Interest	Currency	Amount
April, 1985 -----	5¼ %	Canadian	\$10 million
August, 1990 -----	4¾ %	U.S.	25 million
March, 1976 -----	5½ %	Canadian	7 million

TELEPHONE PLANT

The plant expansion program accounted for the highest increase in the history of the Commission. Total plant increase amounted to \$39,998,311, an increase of 15.8%.

MARKETING

The Marketing Division initiated a new measurement for results reporting, known as Net Billed Revenue, based on the net increase in monthly billing. In conjunction, Market Selection was introduced to provide programed coverage of the business market for the entire year. The combination of the new programs resulted in a net monthly billing increase of \$89,073.40.

The number of customers using TWX service at the end of the fiscal year was 156, an increase of 23% over the previous year. The largest single sale



Perched high on Crowsnest Ridge, a microwave tower forms a vital link in the province's communications network. This particular tower can be reached only by cable car. In the winter, the sole means of access to the cable car's lower terminal is by snowmobile.

—13 TWX machines—was made to the Government of Alberta, Department of the Attorney General, for registration of liens and chattel mortgages, and for the provision of search facilities.

The largest sale of General Mobile Telephones was made to the Government of Alberta, Department of Highways. Thirty-two units were installed in Highways vehicles, throughout the Province, to provide on-the-spot road condition reports, accident reports, and other information.

The rapid expansion and diversification of communications services is reflected in the increase in Marketing Division personnel. Five years ago there were 51 employees in Marketing. Now, there are more than double that number.

BUSINESS INFORMATION SYSTEMS

Business Information Systems became an autonomous department in May, 1965. It is responsible for the planning, designing, and implementing of all data processing systems, and for meeting all associated machine information needs, including the acquisition and operation of computers. It is also responsible for the training of personnel from other departments in data processing concepts and skills, and for the maintenance and modification of "on line" systems.

The volume of computer billed tolls increased to approximately 2,300,000 per month by the close of the fiscal year. This represented an increase of approximately 133% over the previous fiscal year for computer toll output, providing computer billing for virtually 100% of all toll messages.

In December, 1965, an IBM System 360 Model 30 computer was installed, replacing the IBM 1460 computer. Redesign of the Toll Billing System programs was commenced to take advantage of the more advanced System 360 capabilities. Continuing effort was directed toward the planning and design

of the Cash and Accounts phase of the Billing and Collecting System for application on the IBM System 360 Model 30 computer. The system design and programming for the conversion of Electronic Accounting Machine Disbursement Accounting tasks to application on the IBM System 360 Model 20 computer during the summer of 1966 was 90% completed.

Basic planning was initiated, in conjunction with the Accounting and Personnel Departments, for the development of the Computer Oriented Payroll and Personnel System. Modifications of the existing Payroll routines and programs were implemented to accommodate the introduction of the Canada Pension Plan.

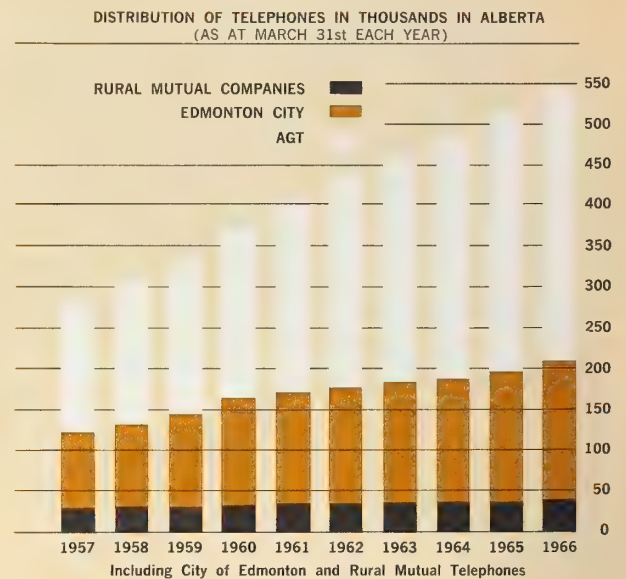
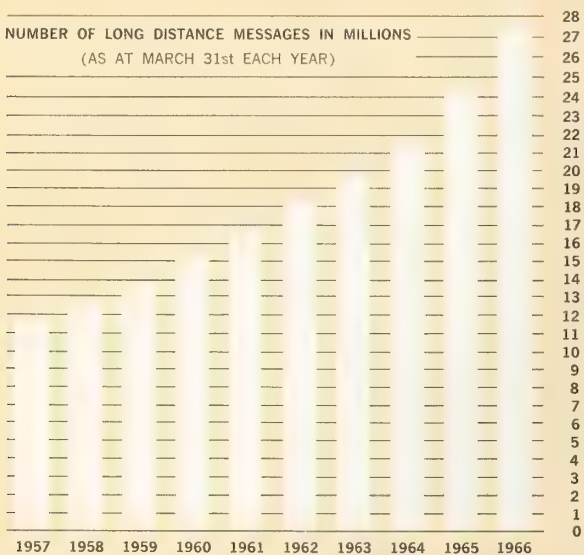
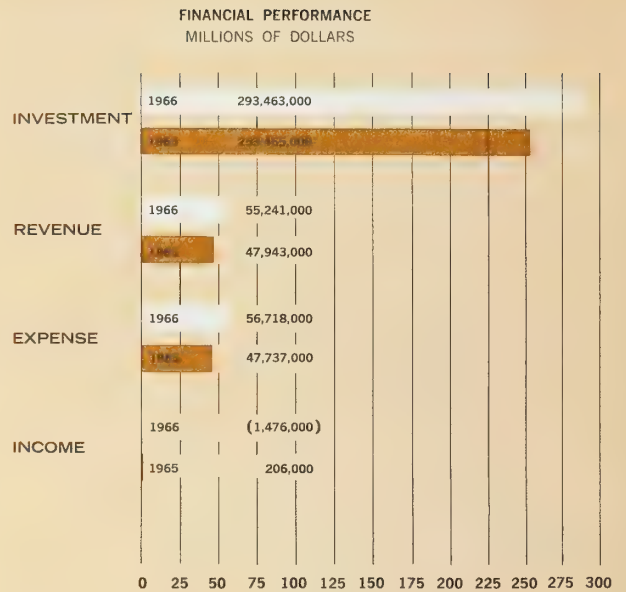
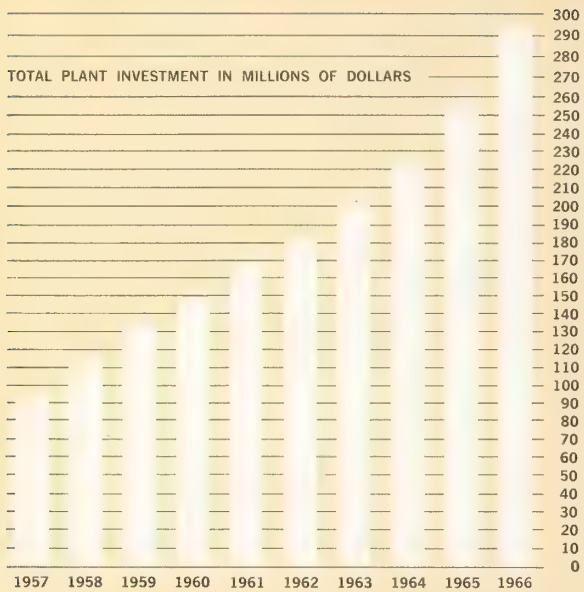
PERSONNEL

The Commission had a total of 5,771 regular employees on the payroll at the end of the fiscal year—3,164 male and 2,607 female. This represented a staff increase of 766 over the previous year. In addition to regular employees, there were 439 salaried or commissioned agents and 178 occasional operators.

The Central Employment Offices in Calgary and Edmonton received a total of 9,711 applications for employment. From this number, 1,723 employees were selected.

Formal management training and development became a reality in the fall of 1965, with the introduction of two courses at the Banff School of Fine Arts—Leadership Training and Management Induction Training. Leadership Training was introduced to train instructors for Management Induction Training. It is now being offered, in addition, on a System-wide scale to people involved in the training process. It is designed to improve insight and understanding in training situations, to increase skills in applying training theory, and to improve leadership qualities.

Management Induction Training consists of two parts, each of one week's duration. A total of 443 supervisory employees have completed the first



phase of this course, and 189 have completed both parts.

Driver Improvement Courses commenced in July, 1965, offering employees an extensive classroom study on defensive driving techniques, followed by psychophysical testing and an actual driver's test.

The contributions and co-operation shown by the employees throughout the year were invaluable during the continued expansion of the System.

PENSION SCHEME

At the end of the 1965-66 fiscal year there were 4,926 employees participating in the Pension Scheme—2,130 females, an increase of 283, and 2,796 males, an increase of 359, for an overall increase of 642 over the previous year. The increase included 77 married female employees and others having previous service with the Commission who agreed to pay into the Fund sufficient monies to re-establish former employment as credited service for pension purposes.

During the year, there were seven voluntary, one disability, and five scheduled retirements. Three pensions were terminated. On March 31, 1966, pensions were being paid to 209 pensioners, in the sum of \$37,870.61, for an average pension of \$181.19 per month.

Securities held in the Pension Fund Investment Portfolio on March 31, 1966, consisted of Government of Canada, Provincial, and Municipal bonds, and corporate stocks and bonds with a par value of \$21,460,037.25, an increase of \$3,071,037.25 over the previous year. In addition, there was a cash balance of \$254,788.39 on hand, available for investment; \$348,228.53 accounts receivable from the Commission, representing Commission and employee contributions; and a further \$338,012.14 in interest accrued to the Fund.

During the year, securities in the amount of \$206,000.00 either reached maturity or were called for redemption. The Board traded \$615,000.00 in

securities into equivalent par-value issues bearing higher interest rates to improve the average yield to the Fund over the medium and longer terms. Under the revised investment regulations, advantage was taken of the authority to purchase selective growth stocks to the value of \$252,037.00.

Commencing January 1, 1966, all employees of the Commission 18 years of age or over began contributing 1.8% of their salaries to the Canada Pension Plan. Under the new arrangement, contributions to the Alberta Government Telephones Pension Scheme are reduced from 5% to 3.5%, until the employees' annual contributions, currently \$79.20, have been paid to the Canada Pension Plan. At this time, and for the remainder of the year, a deduction of 5% is assessed and contributed to the Alberta Government Telephones Pension Scheme. Total pensions from the two Plans will equal or better those formerly paid to retiring employees.

FUTURE DEVELOPMENT

A \$47 million construction program is to be carried out during the next 12 months.

Cable projects will comprise the largest item of investment: rural underground cable, \$9,200,000; toll cable, \$5,443,000; and exchange cable, \$4,000,000. A co-axial cable—the first in Alberta—will be completed from Red Deer to Rocky Mountain House on April 17th, at a cost of \$569,692.

Direct Distance Dialing—already in service in the Red Deer, Lethbridge, Calgary and Banff areas—will be extended to include the Peace River area on May 1st, at a cost of \$2,538,654, and the Edmonton area on August 21st, at a cost of \$3,521,375.

Forty-two dial additions will be completed at a cost of \$6,614,000, and 40 dial conversions, at a cost of \$3,692,000.



A \$60 million underground cable program is being carried out in the rural areas. Over the next 12 years, this program will bring four-party service to virtually all of the rural subscribers in the province.

GOVERNMENT OF THE PROVINCE OF ALBERTA

OFFICE OF THE PROVINCIAL AUDITOR

Edmonton, July 15, 1966

The Alberta Government Telephones Commission
Edmonton, Alberta

I have audited the books and records of the Alberta Government Telephones Commission for the year ended March 31, 1966. The following statements are submitted herewith:

Statement	Particulars
A.	Balance Sheet
• B.	Statement of Surplus
C.	Condensed Statement of Income
D.	Depreciation and Renewal Reserve
E.	Statement of Long Term Debt
F.	Sinking Fund Balance Sheet
	Pension and Death Benefit Fund:
G.	Balance Sheet
H.	Statement of Operations

The Alberta Government Telephones Commission was established under authority of Chapter 85, Statutes of Alberta 1958 to acquire all the assets and assume all the liabilities of the Alberta Government Telephones as at April 1, 1958.

Operations for the year, as shown in Statement C, resulted in a net operating loss of \$1,476,226.43 which was carried to the surplus account. Net adjustments applicable to previous years, \$13,831.55, and net adjustments applicable to acquired assets and integration of mutual telephone company, \$45,349.05, were credited to surplus.

Payment of \$293,683.61 from surplus was made to the Provincial Treasurer under authority of Order-in-Council 556/66 as provided by Section 14, The Alberta Government Telephones Act. An amount of \$1,400,000.00 was appropriated for provision of sinking fund leaving a balance of \$32,709,686.18 in surplus as at March 31, 1966 retained for investment in plant, debt redemption and working capital.

Pension and Death Benefit Fund assets are subject to the comments in the certificate attached to the Pension and Death Benefit Fund Balance Sheet.

The Alberta Government Telephones Commission have the following estimated contingent liabilities which are not reflected on the Balance Sheet as at March 31, 1966:

In respect of commitments for purchase of equipment for future delivery	\$17,494,560.00
In respect of uncompleted building contracts	905,419.00

Subject to the foregoing, I certify that, in my opinion, the attached Balance Sheet is properly drawn up so as to show the true financial position of the Alberta Government Telephones Commission as at March 31, 1966 according to information and explanations given to me and as shown by the books of the Alberta Government Telephones Commission and the accompanying Condensed Statement of Income correctly sets forth the results of operations for the year ended at that date.



C. K. HUCKVALE, F.C.A.
Provincial Auditor.

BALANCE SHEET AS AT MARCH 31, 1966

ASSETS

Capital:

Telephone plant:

Land and buildings	\$ 36,514,470.75
Equipment	165,032,206.72
Exchange lines	51,686,060.45
Toll lines	23,627,478.89
Office furniture and fixtures	2,127,868.92
Tools, vehicles and sundry equipment	4,703,008.15
Plant under construction	9,771,907.25

\$ 293,463,001.13
9,030,710.71

Materials and supplies

\$ 302,493,711.84

Current:

Cash on hand, in banks, and treasury branches	\$ 2,123,353.87
Accounts receivable, less allowance for doubtful accounts	7,328,857.73
Prepaid expenses	881,565.43

10,333,777.03

Deferred Charges:

Inventory of outside plant and rate of return studies

492,941.85

Reserve Funds:

Depreciation and renewal reserve assets, Statement D	\$ 1,793,129.50
Pension and death benefit fund, Statement G	22,401,066.31

24,194,195.81

Trust Funds:

Government of Canada bonds

514,504.44

\$ 338,029,130.97

**GOVERNMENT OF THE PROVINCE OF ALBERTA
ALBERTA GOVERNMENT TELEPHONES COMMISSION**

Statement A

LIABILITIES

Capital:		
Long term debt, Statement E:		
Debentures payable	\$ 161,645,000.00	
Deduct: Sinking fund assets, cash and investments, Statement F	5,408,681.28	
	<u>\$ 156,236,318.72</u>	
Advances from Provincial Treasurer	47,941,379.65	
		<u>\$ 204,177,698.37</u>
Current:		
Matured debentures and coupons	\$ 71,572.72	
Less: Cash provided for redemption	<u>71,572.72</u>	
Accounts payable	\$ 5,643,476.84	
Wages payable	1,506,892.51	
Accrued interest, not due	2,375,806.96	
Unearned revenue	<u>986,052.93</u>	
		10,512,229.24
Deferred Credits:		
Unamortized premium, net, on United States funds	\$ 4,148,324.32	
Less: Unamortized debenture discount	<u>1,484,681.08</u>	
		2,663,643.24
Reserves and Surplus:		
Depreciation and renewal reserve, Statement D:		
Investment in plant	\$ 57,848,492.41	
Cash and investments	<u>1,793,129.50</u>	
	\$ 59,641,621.91	
Pension and death benefit reserve, Statement G	22,401,066.31	
Sinking fund reserve, Statement F	<u>5,408,681.28</u>	
	\$ 87,451,369.50	
Surplus, retained for investment in plant, debt redemption and working capital, Statement B	<u>32,709,686.18</u>	
		120,161,055.68
Trust:		
Employees' accounts	\$ 239,717.40	
Bond instalments payable	273,587.04	
Guarantee deposit	<u>1,200.00</u>	
		514,504.44
		<u>\$ 338,029,130.97</u>

This is the balance sheet referred to in my report of July 15, 1966, addressed to the Alberta Government
Telephones Commission.



C. K. HUCKVALE, F.C.A.
Provincial Auditor.

Statement B

SURPLUS AS AT MARCH 31, 1966

Surplus as at April 1, 1965, retained for investment in plant, debt redemption and working capital		\$ 35,820,415.62
Add:		
Adjustments applicable to previous years, net		13,831.55
Adjustments applicable to acquired assets and integration of mutual telephone company, net		45,349.05
		<u>\$ 35,879,596.22</u>
Deduct:		
Net operating loss for the year ended March 31, 1966		
Statement C	\$ 1,476,226.43	
Appropriation for provision for sinking fund	1,400,000.00	
Payment to Provincial Treasurer, Alberta Government		
Telephones Act, Section 14	293,683.61	
		<u>3,169,910.04</u>
Surplus as at March 31, 1966, retained for investment in plant, debt redemption and working capital		<u><u>\$ 32,709,686.18</u></u>

Statement C

CONDENSED STATEMENT OF INCOME

FOR THE YEAR ENDED MARCH 31, 1966

Operating Revenue:		
Toll earnings	\$ 34,139,652.48	
Exchange earnings	17,685,154.45	
Rental income	1,768,339.67	
Directory	1,147,427.53	
Connecting companies rentals	325,975.85	
Miscellaneous	174,815.86	
		<u>\$ 55,241,365.84</u>
Operating Expenses:		
Operations	\$ 18,503,868.92	
Maintenance	13,408,310.34	
Property taxes	1,130,476.40	
Radio Station CKUA	206,745.29	
	<u>\$ 33,249,400.95</u>	
Provision for depreciation and renewal, buildings and equipment	12,382,436.16	
Debt service charges, net	8,985,445.05	
Pension fund and Canada Pension Plan contributions, net	1,428,656.17	
Provision for doubtful accounts	671,653.94	
		<u>56,717,592.27</u>
Net operating loss for the year ended March 31, 1966		<u><u>\$ 1,476,226.43</u></u>

DEPRECIATION AND RENEWAL RESERVE

FOR THE YEAR ENDED MARCH 31, 1966

Reserve as at April 1, 1965		\$ 52,110,871.14
Add:		
Provision during the year:		
Buildings and equipment	\$ 12,382,436.16	
Tools and trucks	519,852.81	
Radio Station CKUA	10,875.42	
	<hr/>	
Accumulated depreciation on acquired assets	\$ 12,913,164.39	
Circuit rental termination settlement	45,476.35	
Interest earnings	64,588.03	
	<hr/>	
		13,102,454.68
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		\$ 65,213,325.82
Deduct: Charges to reserve:		
Plant, displaced, net	\$ 3,511,393.41	
Obsolete, worthless equipment and supplies		
written off	1,231,822.72	
Cost of removing plant	596,801.60	
Sundry equipment replaced, net	231,686.18	
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		5,571,703.91
		<hr/>
Reserve as at March 31, 1966		\$ 59,641,621.91
Represented by:		
Cash in bank	\$ 28,488.84	
Investments, at par value:		
Government of Canada direct and guaranteed		
bonds (market value \$1,417,850.00)	1,610,000.00	
Province of Alberta guaranteed debentures		
(market value \$131,250.00)	140,000.00	
Accrued interest	14,640.66	
	<hr/>	
		\$ 1,793,129.50
Plant investment		57,848,492.41
		<hr/>
		\$ 59,641,621.91

Statement E

STATEMENT OF LONG TERM DEBT

Statement E

AS AT MARCH 31, 1966

Final Maturity Date	Rate of Interest	Call Feature	Currency	Original Advance	Amount Outstanding
(A) Debentures payable:					
(B) July 2, 1978	4¼ %	Callable on and after July 2, 1976	Canada	\$ 18,000,000.00	\$ 18,000,000.00
(C) September 1, 1979	4¾ %	Callable on and after September 1, 1969	United States	10,000,000.00	8,215,000.00
(C) March 1, 1985	5¾ %	Callable on and after March 1, 1975	United States	22,000,000.00	19,365,000.00
(D) August 1, 1966	4¾ %	Non-callable	Canada	3,000,000.00	3,000,000.00
(E) August 1, 1981	5¼ %	Callable on and after August 1, 1979	Canada	12,000,000.00	12,000,000.00
(F) January 15, 1988	4⅞ %	Callable on and after January 15, 1973	United States	20,000,000.00	19,065,000.00
August 1, 1969	5 %	Non-callable	Canada	15,000,000.00	15,000,000.00
(G) October 15, 1989	4¾ %	Callable on and after October 15, 1976	United States	25,000,000.00	25,000,000.00
(H) April 15, 1985	5¼ %	Callable on and after April 15, 1983	Canada	10,000,000.00	10,000,000.00
(I) August 15, 1990	4¾ %	Callable on and after August 15, 1977	United States	25,000,000.00	25,000,000.00
(J) March 15, 1976	5½ %	Callable	Canada	7,000,000.00	7,000,000.00
					<u>\$ 161,645,000.00</u>
Deduct: Sinking fund assets, cash and investments					<u>5,408,681.28</u>
					<u>\$ 156,236,318.72</u>
(K) Advances from the Provincial Treasurer:					
December 1, 1975	3 %	—	Canada	\$ 2,000,000.00	\$ 981,074.45
December 1, 1976	3 %	—	Canada	5,000,000.00	2,660,142.04
December 1, 1977	3 %	—	Canada	7,000,000.00	4,006,117.46
December 1, 1978	3½ %	—	Canada	8,000,000.00	5,007,840.27
December 1, 1979	3½ %	—	Canada	8,000,000.00	5,307,460.65
June 1, 1980	3 %	—	Canada	16,560,141.78	9,830,076.67
December 1, 1980	3½ %	—	Canada	7,000,000.00	4,897,255.42
December 1, 1981	3½ %	—	Canada	10,000,000.00	7,345,495.88
December 1, 1982	4½ %	—	Canada	10,000,000.00	7,905,916.81
					<u>\$ 47,941,379.65</u>
					<u>\$ 204,177,698.37</u>

- (A) Debentures payable are unconditionally guaranteed as to principal and interest by the Government of the Province of Alberta.
- (B) The Commission to make an annual sinking fund payment of \$560,000.00 to the Provincial Treasurer. Sinking fund contributions and earnings amounted to \$3,509,511.37 at March 31, 1966.
- (C) Retirement by annual sinking fund redemption. Redemptions due in the year ending March 31, 1967, amount to \$1,022,000.00.
- (D) The Commission to redeem this issue on August 1, 1966. Sinking fund contributions and earnings amounted to \$269,344.45 at March 31, 1966.
- (E) The Commission to make an annual sinking fund payment of \$240,000.00 to the Provincial Treasurer. Sinking fund contributions and earnings amounted to \$1,077,377.85 at March 31, 1966.
- (F) Retirement by annual sinking fund redemption. Redemptions due in the year ending March 31, 1967, amount to \$503,000.00.
- (G) The Commission to make annual payments of \$500,000.00 to a sinking fund. Sinking fund contributions and earnings amounted to \$552,447.62 at March 31, 1966.
- (H) The Commission to make annual payments of \$200,000.00 to a sinking fund. Payments to commence on April 15, 1966.
- (I) The Commission to make annual payments of \$500,000.00 to a sinking fund. Payments to commence on August 15, 1966.
- (J) Issue to the Provincial Treasurer. This debenture is redeemable at the option of each of the Provincial Treasurer and the Alberta Government Telephones Commission, subject to at least six months notice.
- (K) Advances from the Provincial Treasurer are repayable on a semi-annual basis. Repayments due in the year ending March 31, 1967, amount to \$2,655,701.20.

SINKING FUND

BALANCE SHEET AS AT MARCH 31, 1966

ASSETS

Cash in bank	\$ 894.03
Investments, at book value	5,342,197.16
Accrued interest	65,590.09
	\$ 5,408,681.28

LIABILITIES

Sinking fund reserve:		
Reserve as at April 1, 1965		\$ 3,759,699.21
Add: Contributions and earnings:		
Contributions	\$ 1,400,000.00	
Earnings from investments	248,982.07	
		1,648,982.07
Reserve as at March 31, 1966		\$ 5,408,681.28

Edmonton, Alberta
July 15, 1966

I have audited the books and records of the Alberta Government Telephones Commission Sinking Fund for the year ended March 31, 1966.

Investments were verified by actual examination and are summarized hereunder:

Bonds and Debentures	Par Value	Book Value
Alberta Government Telephones Commission	\$ 5,130,400.00	\$ 4,851,815.84
Province of Manitoba	290,000.00	284,702.25
Alberta Municipal Financing Corporation	216,000.00	205,679.07
	\$ 5,636,400.00	\$ 5,342,197.16

The approximate market value of the above securities amounted to \$4,923,936.00 as at March 31, 1966.

I certify that, in my opinion, the above Balance Sheet is properly drawn up so as to show the true financial position of the Alberta Government Telephones Commission Sinking Fund as at March 31, 1966 according to information and explanations given to me and as shown by the books of the Fund.



C. K. HUCKVALE, F.C.A.
Provincial Auditor.

PENSION AND DEATH BENEFIT FUND

BALANCE SHEET AS AT MARCH 31, 1966

ASSETS

Cash in bank		\$ 254,788.39
Contributions receivable		348,228.53
Investments:		
Bonds and debentures, at par value	\$ 21,208,000.00	
Shares, at cost	252,037.25	
		21,460,037.25
Accrued interest		338,012.14
		<u>\$ 22,401,066.31</u>

LIABILITIES

Pension and Death Benefit Fund Reserve:		
Employees' accounts	\$ 6,480,389.21	
Employer's account	15,920,677.10	
		<u>\$ 22,401,066.31</u>

Edmonton, Alberta
July 15, 1966

I have audited the books and records of the Alberta Government Telephones Commission's Pension and Death Benefit Fund for the year ended March 31, 1966.

Investments were verified by actual examination and are summarized hereunder:

Bonds and Debentures, at par value		
Government of Canada, direct and guaranteed	\$ 4,576,000.00	
Provincial, direct and guaranteed	10,576,000.00	
Municipal	4,400,000.00	
School District	116,000.00	
Corporation	1,540,000.00	
	<u>\$ 21,208,000.00</u>	
Shares, at cost		
Preferred	35,500.00	
Common	216,537.25	
	<u>\$ 21,460,037.25</u>	

The approximate market value of the above securities amounted to \$19,903,000.00 as at March 31, 1966.

An actuarial survey as at December 31, 1963, indicated that the Fund as constituted would be sufficient to meet all future requirements.

I certify that, in my opinion, the above Balance Sheet is properly drawn up so as to show the true financial position of the Pension and Death Benefit Fund as at March 31, 1966, according to information and explanations given to me and as shown by the books of the Fund, and that the accompanying Statement of Operations correctly summarizes the transactions for the year ended at that date.



C. K. HUCKVALE, F.C.A.
Provincial Auditor.

PENSION AND DEATH BENEFIT FUND

STATEMENT OF OPERATIONS FOR THE YEAR ENDED MARCH 31, 1966

	Employees' Accounts	Employer's Account	Total
Pension and Death Benefit Fund reserve as at April 1, 1965 -----	\$ 5,510,616.88	\$ 13,730,056.22	\$ 19,240,673.10
Add:			
Contributions -----	1,101,265.34	1,751,946.50	2,853,211.84
Earnings -----	224,169.76	812,396.71	1,036,566.47
Transfers in respect of employees retiring on pension -----	71,680.87	71,680.87	—
	\$ 6,764,371.11	\$ 16,366,080.30	\$ 23,130,451.41
Deduct:			
Pension payments -----	\$ —	\$ 443,279.50	\$ 443,279.50
Withdrawals -----	283,123.11	—	\$ 283,123.11
Contributions and earnings transferred to other pension authorities, net -----	858.79	2,123.70	2,982.49
	\$ 283,981.90	\$ 445,403.20	\$ 729,385.10
Pension and Death Benefit Fund reserve as at March 31, 1966 -----	\$ 6,480,389.21	\$ 15,920,677.10	\$ 22,401,066.31

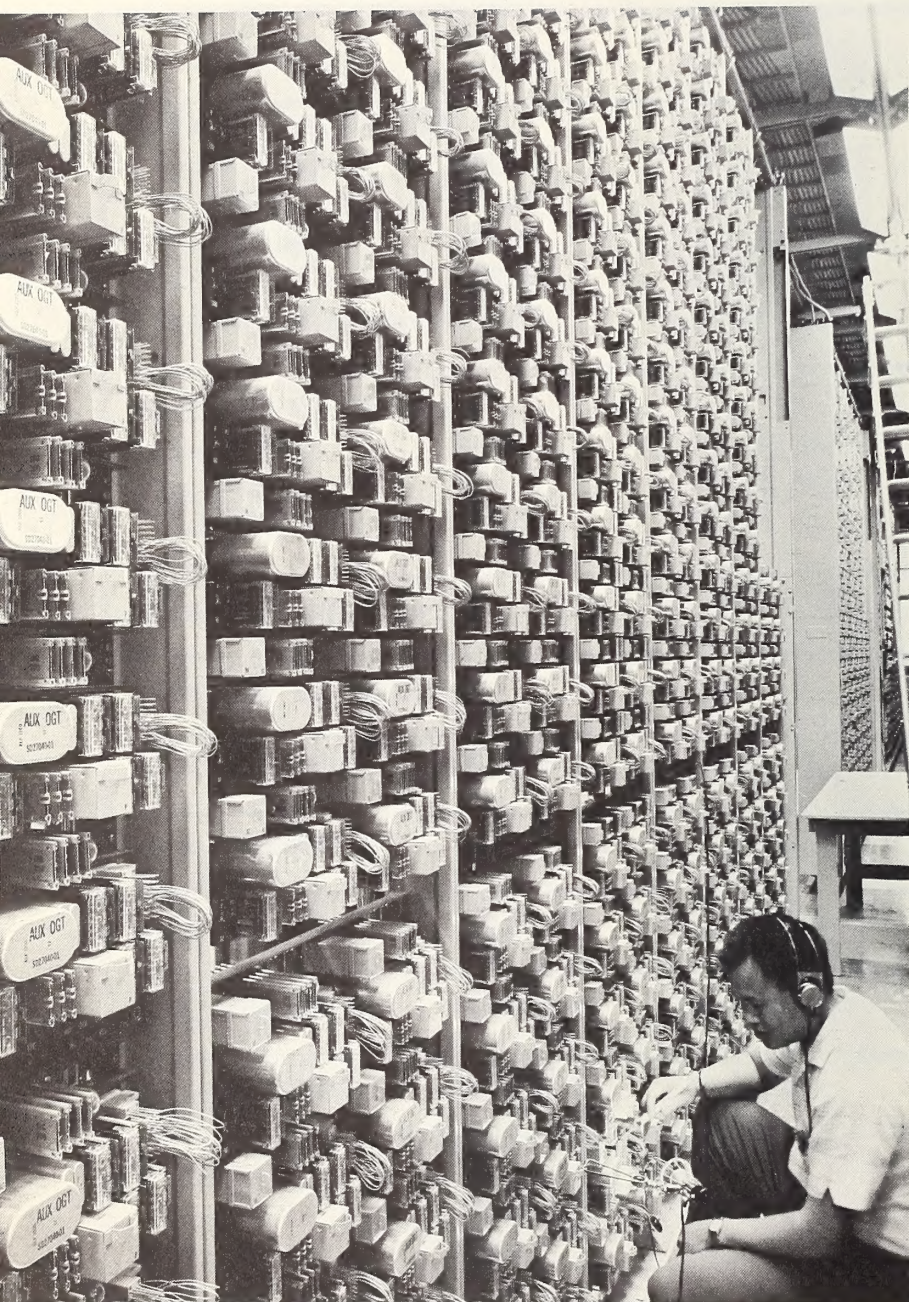
ALBERTA GOVERNMENT TELEPHONES STATISTICS

	1966	1965	1964	1963
NUMBER OF TELEPHONES				
System Owned -----	340,264	318,282	297,086	278,598
Rural Mutual Company -----	39,349	38,418	36,910	35,185
Private System -----	169,648	158,809	148,568	147,850
TOTAL -----	549,261	515,509	482,564	461,633
Percent Dial Telephones -----	95.8%	93.8%	91.1%	89.0%
TELEPHONE MOVEMENT				
Connected -----	83,542	103,742	99,195	91,703
Disconnected -----	61,560	82,546	80,707	73,185
INCREASE -----	21,982	21,196	18,488	18,518
NUMBER OF EXCHANGES	364	370	376	396
NUMBER OF TOLL OFFICES	109	120	136	144
LONG DISTANCE MESSAGES	27,495,279	24,316,067	21,827,542	19,319,050
TOTAL PLANT	293,463,001	253,464,690	223,832,041	200,712,715
TOTAL EARNINGS	55,241,366	47,943,244	42,863,403	37,916,352
TOTAL EXPENSES	56,717,592	47,736,928	41,741,659	35,892,229
NET INCOME	(1,476,226)	206,316	1,121,744	2,024,123
EMPLOYEES				
Men -----	3,164	2,687	2,413	2,107
Women -----	2,785	2,472	2,318	1,996
TOTAL PAYROLL	27,136,387	22,804,487	20,015,451	17,343,875

MARCH 31, 1957, TO MARCH 31, 1966

1962	1961	1960	1959	1958	1957
260,080	240,884	222,964	199,747	184,311	165,764
33,121	31,663	30,645	29,739	28,655	27,925
138,324	127,538	119,066	106,456	95,433	84,748
431,525	400,085	372,675	335,942	308,399	278,437
86.4%	84.8%	83.7%	82.5%	79.9%	78.9%
61,420	50,329	61,736	42,166	40,742	39,169
42,224	32,409	38,519	26,730	22,195	21,805
19,196	17,920	23,217	15,436	18,547	17,364
407	407	397	393	387	379
155	165	153	150	163	168
18,004,331	16,407,962	15,119,343	13,770,333	12,545,182	11,805,829
182,252,321	168,664,072	148,290,608	134,874,290	114,623,124	93,405,722
34,396,984	29,899,544	27,433,443	23,693,963	20,685,490	19,087,105
31,004,540	27,491,398	24,676,331	21,476,820	17,693,644	15,018,684
3,392,444	2,408,146	2,757,112	2,217,143	2,991,846	4,068,421
1,893	1,888	1,786	1,649	1,431	1,238
1,894	1,866	1,903	1,965	1,864	1,760
15,602,213	14,776,789	13,255,830	11,759,562	9,955,164	8,232,043

A service advisor explains the special features of a new switchboard, and helps the operator to make the most efficient use of her time.



AGT's highly efficient communications system is dependent upon large quantities of complex and costly equipment. Shown above are outgoing auxiliary trunk circuits connecting a crossbar tandem machine to surrounding community dial offices.





ALBERTA GOVERNMENT TELEPHONES

part of



TRANS-CANADA TELEPHONE SYSTEM

